

NEW JERSEY DIVISION OF PENSIONS AND BENEFITS

**DECLINATION OF
PREMIUM OPTION PLAN (POP) FOR PLAN YEAR 2002**

If you **WANT TO PARTICIPATE** in the POP for the 2002 Plan Year **do not complete this form**. Enrollment will be automatic.

If you **DO NOT WANT TO PARTICIPATE** in this plan, that is, if you want your health benefits and dental premiums fully taxed, ***complete the form below*** and return it to your campus Human Resources Office. Be sure to request the cut-off date for returning your completed form.

**PLEASE CAREFULLY READ THE INFORMATION
ON THE REVERSE SIDE OF THIS FORM.**

— Detach this form and give it to your campus Human Resources Office —

From:

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Last Name

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First

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Social Security #

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Date of Hire (mm/yy)

DO NOT enroll me in the POP for the 2002 Plan Year. I DO NOT wish to increase my take home pay by participating in this plan. By signing this document, I understand that I want my salary that is used to pay medical and dental premiums to be fully taxed and that I WILL NOT BE ENROLLED in POP 2002.

Signature

Date

Premium Option Plan (POP) for Plan Year 2002

The Premium Option Plan (POP) is a benefit available to State employees participating in the State Health Benefits Program (SHBP) under the State's Tax Savings Program. The POP allows you to save money by paying any dental or medical premiums for your SHBP coverages with before-tax dollars; you won't have to pay federal income taxes, Medicare, or Social Security taxes on money earned which is used to pay premiums. Since, through POP, you pay less in taxes, enrollment in the plan for 2002 will be automatic *unless you decline enrollment* by completing the form on the bottom of the reverse side of this page and returning it to your campus Human Resources Office.

Take Home Income With and Without the POP

With POP

Net Biweekly Salary*	\$ 1,500.00
Less Dental Premium**	23.70
Taxable Salary	\$ 1,476.30
Less Taxes:	
Federal	198.36
FICA	112.94
Salary after Taxes	\$ 1,165.00
Spendable Income	\$ 1,165.00
Additional Spendable Biweekly Income	5.37
Annual Savings***	\$ 139.62

Without POP

Net Biweekly Salary*	\$ 1,500.00
Taxable Salary	\$ 1,500.00
Less Estimated Taxes:	
Federal	201.92
FICA	114.75
Salary after Taxes	\$ 1,183.33
Less Dental Premium**	23.70
Spendable Income	\$ 1,159.63

*Salary after State income tax and pension (414h) deduction.

** Family coverage, Dental Expense Plan 1/2002 (based on 26 pay periods).

*** Savings assuming federal tax at the 15% bracket. At the 27% or higher tax brackets, the annual savings would be higher.

In addition, if you are paying medical premiums, your savings would be more significant.

A summary of the advantages and disadvantages of the POP are shown below.

ADVANTAGES

Increase your take-home pay by reducing your federal taxes. You will not have to pay federal income taxes, Medicare or Social Security taxes on money earned which is used to pay premiums.

DISADVANTAGES

May reduce your Social Security wage base. For those employees approaching Social Security age, this **may** slightly affect your Social Security payments when you eventually collect them.

If you participate in the POP, you will not be able to deduct your medical or dental *premiums* on Schedule A of your federal income tax return.